

# Interview: Vladimir Makatsaria - Company Group Chairman Asia Pacific, Johnson & Johnson Medical and Chairman APACMed, Singapore

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*With healthcare demand rapidly increasing in Asia Pacific and worldwide, the entire healthcare sector is sure to undergo a dramatic revolution. J&J Medical's Chairman for Asia Pacific discusses his priorities for the company, and for the wider life science industry in his capacity as Chairman of APACMed.*

**You have served as the chairman of APACMed since it's foundation last year - why was such a regional level association needed, and what was your vision for how it could create value for patients and industry stakeholders?**

To understand the role of medical device industry in Asia Pacific, it is important to take one step back and understand the overall developments in and needs for healthcare. As a global society we are undergoing a drastic change in the way healthcare is valued and delivered. We will surely see a revolution in the way healthcare is managed and provided due to the widening gap between healthcare needs and available supply.

What will necessitate this revolution? First of all, the world population will grow from 7 to 9 billion people over the next 35 years. This 30 percent growth spurt is unparalleled in history. Secondly, we spend more than eight times as much on healthcare for people who are older than 65, and in Asia Pacific alone we have 320 million people that are aged 65 and over, a number that is set to double

over the next few years. Third, access to information has greatly increased and as such the public understands a lot more about how our own health is influenced, resulting in a demand for better healthcare.

While it is now easy to understand that demand is on the rise, supply as currently configured will not be able to keep up. It will take hundreds of years for doctor-patient ratios in Asia to draw level with those in countries with the most advanced healthcare systems. By 2020, the region will experience a shortage of approximately 2 million healthcare practitioners. As a result, there are a few things that are going to be absolutely critical in how we are going to reshape the way our society looks at healthcare.

**What steps must healthcare providers take to expand the supply of healthcare sufficiently to keep up with these increasing needs that you have identified?**

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The first priority must be innovation – not just product innovation, but process, procedure, and organizational innovation such that we can deliver better clinical value to patients at a lower overall economic cost. Healthcare providers must be organized more efficiently, and deliver care in a more efficient manner. We expect to see an increasing proportion of procedures delivered in the outpatient setting, a decreasing length of hospital stays, and more automation of diagnosis and treatment. Regulators will have to innovate to develop new ways of assessing and approving product coming to market, payers must find new paradigms for the way they reward innovation, and patients take a more proactive role in their own care. Essentially, all aspects of healthcare are going to be different and all stakeholders in the health ecosystem have to innovate.

The second key aspect to reshaping healthcare is partnerships. No one healthcare provider, payer, medical device company or any other stakeholder can solve the challenges we are facing on their own. ‘Partnerships’ is going to become a key word in healthcare, not only among medical device companies but also across the entire value chain of stakeholders.

Particularly in Asia Pacific, where trends seen at the global level are very distinct, we have identified the need to establish a regional association. The overarching idea was and is to bring together local industry associations, multinational, pan-Asian and local corporations, and innovative start-up companies to address these immense regional and global healthcare challenges.

Considering that 60 percent of the world’s population lives in APAC, with approximately 70 percent of those facing significant unmet needs, we have a tremendous job to do. Only by working together and leveraging innovation will we be able to reach more patients and bring better quality

healthcare to people's homes.

### **How would you assess the efforts of the life science industry to develop R&D capacity in the Asia?**

The life science industry innovates in service to all patients, wherever they may be; I would like to caution against efforts to innovate in Asia for any other reason. As such, our efforts must be guided by the circumstances, which present opportunities to innovate, rather than what is convenient to relocate to a lab in the region.

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One set of such circumstances have to do with higher rates of disease prevalence in certain countries, or where many patients are exposed to a particular hazard due to the environment in which they live. For example, lung cancer is a particular concern in China and a major focus for the country. Clearly, when a particular medical need is large and many patients are treated by physicians, they develop experience and insights into the condition or disease. Moreover, from a process standpoint healthcare systems have to adapt to handle the significant load and China itself has clearly emerged as a centre of education and science. Under such circumstances it is inevitable that innovation will occur, and this is why healthcare systems and innovative companies around the world develop centers of excellence.

The economic dimension also can contribute to innovation. In the life science industry there is an innovative "value segment" which is present all over the world, from Germany and the US to China or the Philippines; if you are able to demonstrate that you can deliver good clinical outcomes most efficiently then any healthcare system in the world will be interested. Given the economic needs in much of the Asia Pacific region, there are huge numbers of patients who need to be treated with minimal resources, and this need can be harnessed to drive certain types of innovative projects.

Finally, there are of course significant sources of talent in the Asia Pacific region. Today there are more PhD engineers in China than any other country in the world, and surgeons South Korea and Japan are frequently recognized as having the most advanced surgical skills and technique worldwide. All of these factors together are contributing to the shift of R&D investments by the life science industry towards Asia.

### **What is the role and significance of Singapore to Johnson & Johnson Medical?**

Singapore is unique for many reasons.

From a corporate point of view, it is a great place to establish headquarters for the Asia Pacific region due to its central location, the high quality of life and the ease to attract talent from anywhere in the world. Secondly, the Singaporean government's capability and ability to listen and engage with businesses in a value-adding dialogue is truly unparalleled.

On the medical side, as a healthcare market Singapore is very open to innovation, and the regulatory system is very streamlined and efficient, without compromising safety. The country has many skilled medical professionals and an efficient healthcare system with fantastic infrastructure. When coupled with Singapore's medical education capabilities and connectivity with the rest of the region, this translates to Singapore being a very important hub for training of doctors and surgeons from across the Asia Pacific region.

Finally, Singapore is very well organized and the stakeholders in the healthcare ecosystem are very well connected with each other. Given the small local market and patient population, Singapore is primarily of interest to companies as a stepping stone and platform to use to develop the rest of the region, and the country has developed to fit this role exceedingly well. Thus it has become one of the region's leading business hubs, and today is really a decision-making nexus for the entire Asia Pacific region. It's not a coincidence that APACMed was established here in Singapore.

**As Company Group Chairman for J&J Medical Asia Pacific, what are your priorities for the organization going forward?**

In my role as company group chairman for APAC I have five major focus areas.

The first is ensuring that every employee at J&J Medical knows and lives by the value of our Credo. In the Credo patients come first, employees second, our communities third, and shareholders last. Ensuring that our mentality as an organization continues to be underpinned by the Credo is alive and flourishing is probably my biggest responsibility, and if we fulfill our responsibilities to customers, patients, employees and the communities and societies in which we work, then an acceptable economic result will follow.

My second priority is talent and talent development. Any great organization is founded, built, and grown by great people. As such, it is a key priority for the J&J Medical organization to recruit and develop top talent in which we invest time, energy and effort. We want to develop people to their best potential in order for them to flourish at J&J Medical and stay with us for a long time.

Personally, I try to surround myself with the best people possible because if I do that they will surround themselves with the best people and so on and so forth. As a result, we will be a first class organization.

Third, I pay significant attention our organization's innovation and the way this is being brought to patients in the Asia Pacific region. Innovative products are a part of this, and I constantly look at our global portfolio, how this is reflected in markets across Asia, and our plans and efforts to introduce new innovative products to patients across the region in the best possible way. My goal is for patients in every country in the region to have access to cutting-edge technology.

More broadly, innovation is about listening to customers in our region, understanding their unmet needs and then developing solutions to those needs, either by utilizing our own internal R&D capabilities or acquiring relevant technologies. To that end, we have an R&D center in China and innovation centers in Shanghai, Seoul, Tokyo, Singapore and Sydney, the sole purpose of which is to find and support partners in the early stages of innovation.

My fourth priority is execution. Execution is paramount, as strategy without proper execution is meaningless. As an organization we always try to create an environment where people can focus on flawless execution rather than unnecessary bureaucracy.

The fifth and final priority is enshrined in the motto 'global reach, local focus'. Concretely, I am trying to find ways to use the global footprint and scientific and financial power of J&J Medical to really enable the success of our individual companies in each country in Asia Pacific around the world. This means ensuring we are effective in the ways in which our global business interfaces, interacts with, and supports our local country entities and their initiatives. Part of this pursuit is to ensure we are active in each country across Asia Pacific, engaging in partnerships with local associations, governments and other external stakeholders to influence the healthcare agenda in those markets.

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